

MINUTES
New Energy Industry Task Force (NEITF)
Subcommittee on Transmission

August 10, 2012
11:00 a.m.

The meeting was held via conference call

- 1. Call to order and Roll Call.** Rebecca Wagner, Co-Chairperson, opened the meeting at 11:05 a.m. and opened this agenda item

<u>Member Names</u>	<u>Present</u>	<u>Absent</u>
Stacey Crowley	X	
Rebecca Wagner	X	
John Candelaria	X	
Paul Thomsen		X
John Tull	X	
Jim Baak	X	
Jack McGinley	X	
Brian Whalen		X
Matt Frazier		X
Tom Husted		X
Marilyn Kirkpatrick		X
Amy Leuders (Vic Lozano)		X
Connie Westadt	X	
Lawrence Willick	X	
Kathleen Drakulich	X	

- 2. Public comments and discussion**

Co-Chair Wagner opened this agenda item. Mike Hazard questioned why the public has not been able to view the Synapse proposal on the web for evaluation. Stacey Crowley explained the report is still being prepared and the report will be added to the business case subcommittee agenda upon completion. Hearing no further comments, the agenda item was closed.

- 3. Review and Approval of Minutes of July 12, 2012 Transmission Subcommittee Meeting**

The minutes were not available for approval at this time.

4. Introduction to an Energy Imbalance Market (Discussion)

Co-Chair Wagner introduced Victoria Ravenscroft of the Western Interstate Energy Board and provided a brief history of her background. Ms. Ravenscroft provided a PowerPoint presentation with regard to current practices in the West, the definition of an EIM, and where the market is now. Ms. Ravenscroft started by illustrating three subtopics, including variability on the grid, balancing authorities and its roles, and the issue of unused transmission capacity.

John Candelaria requested clarification with regard to what flows on each transmission line in real time. Ms. Ravenscroft explained that traditionally when loads are running and on schedule, generation knows what needs to be reproduced, and the two can be balanced. When an unexpected heat wave occurs and air conditioners are turned on, an imbalance situation occurs. She offered further explanation regarding energy imbalance.

Ms. Ravenscroft explained EIM as a tool that addresses energy imbalance while maintaining reliability. There was further discussion regarding balancing authorities. She further explained how an EIM dispatches balancing energy referring to EIM as an optimization tool. Ms. Ravenscroft answered questions from the group.

Ms. Ravenscroft discussed reliability and positive benefits in relation to an EIM. She pointed out that an EIM must use unused transmission. Myths and misconceptions were discussed with regard to EIM. Ms. Ravenscroft provided a brief background of a cost benefit analysis that was conducted of the EIM. She will provide further information with regard to a meeting, which will be held on September 13-14, 2012, in Tempe, Arizona.

Three key pieces of information which have been, or will be, developed were the next topics of discussion, which was detailed by Ms. Ravenscroft for the group. There was dialog with regard to cost estimates and annual benefits. Ms. Ravenscroft invited the group to visit the EIM group website. She also provided her office and cell phone telephone numbers for anyone who would like additional information.

Ms. Drakulich questioned Ms. Ravenscroft with regard to her thoughts with regard to timing or possible implementation going forward for those balancing authorities. Ms. Ravenscroft responded that it could take two to three years for implementation, allowing time to build up the market and software and contracts.

Mr. Baak commented that Western has taken an official position that it supports the EIM. He questioned Ms. Ravenscroft if that still is the case and has she looked at a scenario that includes Western and the impacts. Ms. Ravenscroft responded by stating that in communications with Western, it has included an item in its 2014 or 15 budget with regard to the same. Hearing no further questions/comments, this agenda item was closed.

5. Discussion and Possible Action on Transmission Financing Options

Lawrence Willick discussed a revised memo with regard to the list of options. He reviewed several points for clarification with the group. The group questioned Mr. Willick regarding the options. A copy of a draft report Mr. Baak discussed will be provided to the group. Mr. Willick suggested the group provide some potential goals or recommendations for further discussion at the next meeting.

6. Update on the Desert Renewable Energy Conservation Plan

Stacey Crowley updated the group with regard to the plan. She noted the plan looks at the Mohave Desert area with regard to environmental conservation issues and how those issues impact the development of renewable energy and transmission.

7. Discuss Future Agenda Items and Announcements

John Candelaria noted a press release was issued by Nevada Power discussing joint studies between it and the California ISO. He suggested explanation of those studies as a possible agenda item. Jack McGinley noted the parties are limited as to what can be disclosed and does not feel an explanation should be given right now. An update can be provided at a future meeting.

Tom Husted suggested asking someone from the National ISO/RTO Council to talk about how RTOs across the U.S. are expanding market areas. Mr. Baak mentioned an update from David Whitley from the EIPC with regard to its plans for integrating renewables into the Eastern Interconnection and suggested requesting Mr. Whitley address the group. He will provide the contact information to Co-Chair Wagner.

8. Set Time and Date of Next Meeting

Co-Chair Wagner will provide a schedule for the group within the next two or three weeks.

9. Public Comments and Discussion

(The following questions/comments are not verbatim)

Mike Hazard (Las Vegas) - We need to find out what potential the State of Nevada has for renewable energy, but I think it needs to be done through the free market system. I'm opposed to government subsidy and ratepayer subsidies. And as a consumer, I'm expressing my concern that consumers do not get charged for a transmission line that energy is transferred on that costs four to five times higher than what conventional electrical production costs. Mr. Hazard commented that Germany, UK and Spain no longer subsidize renewable energy projects, because they were not cost effective. He noted that if Nevada comes to the conclusion that this is viable, it simply has to "pencil" out mathematically and has the responsibility to make it "pencil out" to the ratepayers.

Wendy Ellis (Las Vegas) - Ms. Ellis provided comments with regard to a fact sheet issued in June of this year from American Public Power Association, which outlines the theoretical benefits of an EIM. She noted her opposition to the EIM. She will email the fact sheet to the committee. Hearing no other comments, the agenda item was closed.

10. Adjournment

The meeting was adjourned at 12:37 p.m.

DRAFT